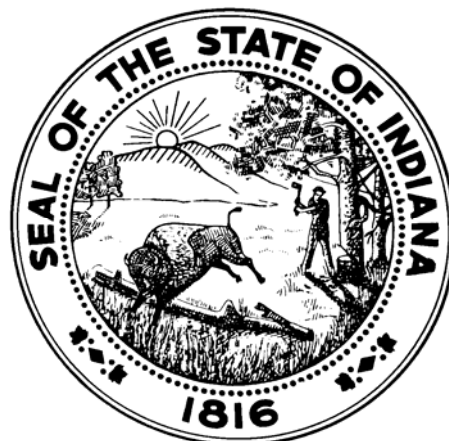


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF

IRELAND-MADISON TOWNSHIP
CONSERVANCY DISTRICT
DUBOIS COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
03/12/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information.....	5
Examination Results and Comments:	
Official Bond	6
Prescribed Forms	6
Ordinances and Resolutions.....	6
Public Records Retention	6
Delinquent Wastewater Accounts.....	7
Annual Report.....	7
Condition of Records	7
Errors on Claims	8-9
Contracts	9
Exit Conference.....	10

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Board	Charlie Mendel	01-01-05 to 12-31-05
	Thomas A. Schum	01-01-06 to 12-31-07
Treasurer	Thomas A. Schum	01-01-05 to 12-31-05
	Jason Lichlyter	01-01-06 to 12-31-07



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE IRELAND-MADISON TOWNSHIP
CONSERVANCY DISTRICT, DUBOIS COUNTY, INDIANA

We have examined the financial information presented herein of the Ireland-Madison Township Conservancy District (District), for the period of January 1, 2005 to December 31, 2006. The District's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the District for the years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

February 15, 2007

IRELAND-MADISON TOWNSHIP CONSERVANCY DISTRICT
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL PROPRIETARY FUND TYPES
 As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Proprietary Fund: Operating	<u>\$ 352,347</u>	<u>\$ 150,884</u>	<u>\$ 121,707</u>	<u>\$ 381,524</u>
	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Proprietary Fund: Operating	<u>\$ 381,524</u>	<u>\$ 154,255</u>	<u>\$ 133,442</u>	<u>\$ 402,337</u>

The accompanying notes are an integral part of the schedules.

IRELAND-MADISON TOWNSHIP CONSERVANCY DISTRICT
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District operates under an appointed Board of Trustees form of government and provides the following services: collection, treatment and disposal of sewage.

Note 2. Fund Accounting

The District uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is prepared and approved at the local level.

Note 4. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the District to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Long Term Debt

The District has entered into a loan for the wastewater district construction. The outstanding principal at December 31, 2006, was \$515,700.

Note 6. Rate Structure

The current rate structure was approved by the District in June 2000. The Utility has 251 customers as of December 31, 2006.

IRELAND-MADISON TOWNSHIP CONSERVANCY DISTRICT EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The official bonds of the Conservancy District Treasurer, for 2004, 2005, 2006, and 2007, were not filed in the Office of the County Recorder: Based on the review of the latest official bond on file, the bond should reflect the financial officer's term of office and the approval of the board.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

PRESCRIBED FORMS

The following prescribed or approved forms were not always in use or used in the manner prescribed:

1. General Fixed Asset Account Group, Form 369
2. Consumer's Ledger - Municipal Sewage Utility, Form 324
3. Register of Daily Cash Receipts - Consumers, Form 313A
4. Municipal Sewage Utility Accounts Payable Voucher, Form 301S

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

A similar comment appeared in the prior Report B25561.

ORDINANCES AND RESOLUTIONS

As stated in prior reports, the Conservancy District has a rate ordinance stating that rates and charges for all users shall be prepared and billed monthly. Users were not billed on a monthly basis:

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

PUBLIC RECORDS RETENTION

As stated in the prior Report B25561, some billing and collection records were not presented for examination.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

IRELAND-MADISON TOWNSHIP CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

DELINQUENT WASTEWATER ACCOUNTS

As stated in the prior Report B25561, delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

In the same manner as provided by Indiana Code 36-9-23, the rates or charges made, assessed, or established by the district are a lien on a lot, parcel of land, or building that is connected with or uses the works by or through any part of the sewage system of the district. The liens:

1. Attach;
2. Are recorded;
3. Are subject to the same penalties, interest, and reasonable attorney's fees on recovery; and
4. Shall be collected and enforced;

in substantially the same manner as provided in Indiana Code 36-9-23-31 through Indiana Code 36-9-23-32. [IC 14-33-5-21(b)}

ANNUAL REPORT

Annual reports for 2005 and 2006 were not presented for examination.

Indiana Code 5-11-1-4 states in part: "(a) The state examiner shall require from every municipality and every state or local government unit, entity, or instrumentality financial reports covering the full period of each fiscal year. . . ."

CONDITION OF RECORDS

Financial records presented for examination were incomplete and not reflective of the activity of the Operating Fund. The ledger postings included bank errors. Records (claims, billing and collection reports, etc.) presented for examination were not filed in any chronological order or, in some instances, were not filed by year. Tests revealed that data presented on the Billing Report and Trial Balance did not agree with corresponding data appearing on the customers' utility bills and Customer History Reports.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

IRELAND-MADISON TOWNSHIP CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

ERRORS ON CLAIMS

As stated in the prior Report B25561, the following deficiencies were noted on claims during the examination period:

1. Claims were not prepared for all disbursements.
2. Claims were not adequately itemized.
3. All claims did not have board approval.
4. Claims or invoices did not have evidence to support receipt of goods or services.
5. Sales Tax was paid.
6. Check number and check date were not listed on the claims.
7. Payments were made after the due date and late charges were paid.
8. Claim amount did not agree with the check amount.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

Governmental funds generally are exempt from the payment of sales tax on qualified purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems and should be investigated by the governmental unit.

IRELAND-MADISON TOWNSHIP CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest, and other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

CONTRACTS

As stated in prior reports, payments were made for billing and collection services, for lift station maintenance services, and for bookkeeping services in 2005 and 2006 without a contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

IRELAND-MADISON TOWNSHIP CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on February 20, 2007, with Thomas A. Schum, President of the Board; and Mary Ann Weisheit, Bookkeeper. The officials concurred with our findings.